

**PRESS RELEASE**

Regulated information<sup>1</sup> - inside information

Announcement in application of Article 8 §1 of the Royal Decree on Takeover Bids

Announcement in application of article 7:97, §4/1 of the Belgian Companies and Associations Code

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## **TRANSACTION TESSENDERLO GROUP AND PICANOL GROUP: EXCHANGE RATIO ADJUSTMENT + APPLICATION OF ARTICLE 7:97 BCC BY THE BOARD OF DIRECTORS OF TESSENDERLO GROUP**

### **Exchange ratio adjustment**

On July 8, 2022, Tessenderlo Group and Picanol Group (Picanol nv, Euronext: PIC) announced their intention to simplify and increase the transparency of the group structure of both companies, with a view to combining them into a single industrial group, with a single stock exchange listing and a single board of directors. The proposed transaction envisages the contribution by the reference shareholders, Luc Tack and Patrick Steverlynck, of the Picanol Group shares that they hold, in the context of a voluntary public exchange offer by Tessenderlo Group (the “Exchange Offer”). The other shareholders of Picanol Group (free float: 10.66%) would also be offered the option of becoming direct shareholders of Tessenderlo Group, at the same exchange ratio of 1 Picanol Group share for 2.43 Tessenderlo Group shares.

On August 25, 2022, Picanol Group and Tessenderlo Group published their interim reports for the first 6 months of 2022, as well as a revised forecasts for the full financial year 2022. The Bidder (Tessenderlo Group nv) has revised the valuations of Picanol Group and Tessenderlo Group in light of the published interim reports and an analysis of the long-term expectations based on the latest market developments.

Compared to the values of 830.8 million EUR and 1,655.9 million EUR for Picanol Group and Tessenderlo Group, respectively, as communicated in the press releases dated July 8, 2022, the revision results in a decrease in value of 0.2 million EUR for Picanol Group (excluding shares held in Tessenderlo Group) and an increase with 95.6 million EUR for Tessenderlo Group, respectively. This results in an equity value of 830.6 million EUR and 1,751.5 million EUR for Picanol Group and Tessenderlo Group, respectively. The values correspond to a value per Tessenderlo Group share of 40.59 EUR and a value per Picanol Group share (including Tessenderlo Group shares) of 95.80 EUR.

Further to this information, Tessenderlo Group and Picanol have mutually agreed to adjust the exchange rate from 2.43 shares of Tessenderlo Group for 1 share of Picanol to 2.36 shares of Tessenderlo Group for 1 share of Picanol.

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<sup>1</sup> The information provided includes regulated information, as defined in the Royal Decree of November 14, 2007, regarding the duties of issuers of financial instruments permitted to trade on regulated markets.

To this end, an addendum to the Integration Protocol was concluded between all the Parties to the Integration Protocol, which also established their agreement on the following other elements (the "Addendum"):

- Accession by Oostiep Group (the company through which Luc Tack will hold his shares) to the Integration Protocol;
- Confirmation by the Parties that the due diligence conducted on Picanol Group by Tessenderlo Group and vice versa, which was carried out prior to the date of the Addendum by both Picanol Group and Tessenderlo Group in accordance with the provisions of the Integration Protocol, has been completed and has not resulted in the identification of any Material Adverse Effect (as defined in the Integration Protocol) and does not necessitate any other adjustment of the bid price;
- Confirmation that no prior "*Competition Clearance(s)*" or "*FDI Clearance(s)*" (both as defined in the Integration Protocol) will be required in view of the Exchange Offer, as determined by the Parties in the context of the analyses conducted in this respect;
- Some amendments to the conditions precedent of the Exchange Offer.

Tessenderlo Group will today formally notify to the FSMA, in accordance with Article 5 of the Takeover Decree, its intention to launch a voluntary and conditional public offer to exchange the Picanol Group shares for new Tessenderlo Group shares at the aforementioned exchange ratio of 2.36 shares of new Tessenderlo Group shares for 1 share of Picanol Group.

#### **Application of article 7:97 bcc by the board of directors of Tessenderlo Group**

Following the execution of the Integration Protocol, the board of directors of Tessenderlo Group nv (Euronext: TESB, the "Company") has requested the committee of independent directors of the Company (the "Committee") to issue a subsequent advice in application of Article 7:97 of the Belgian Code of Companies and Associations ("BCC") on:

- (i) The approval by the Company of a draft prospectus to launch a public takeover bid on all shares in Picanol nv, in exchange for newly issued shares in the Company ;
- (ii) The determination of the exchange ratio of new shares that will be offered per Picanol Group share under the Exchange Offer at 2.36;
- (iii) The conclusion of an addendum to the Integration Protocol ; and
- (iv) The convening of an extraordinary general meeting of shareholders of the Company (which will be held on or around October 18, 2022), with a view to approving a capital increase via contribution in kind of Picanol Group shares in the Company.

((i) to (iv): the "Resolutions")

On July 7, 2022, the Committee has advised the board of directors on the entry into an integration protocol between the Company, Picanol nv and their reference shareholders, pursuant to which these parties have declared their intention to simplify and make more transparent the group structure, with a view to combining them into one industrial group (the "Integration Protocol"). The Integration Protocol determines, among other things, the conditions subject to which the Company will launch the Exchange Offer.

The parties to the Integration Protocol have reviewed the equity values of Picanol Group and the Company in light of the published half-yearly results, and of an analysis of the long-term expectations based on the most recent developments of the market.

As a result of the adjusted value for the Company and Picanol Group respectively (and the equity values per share derived therefrom), the exchange ratio has been adjusted from 2.43 to 2.36 (i.e. each Picanol Group shareholder will have the opportunity to acquire 2.36 shares in the Company for each share in Picanol Group), for which the parties also conclude an addendum to the Integration Protocol.

Mr. Luc Tack, Oostiep Group bv, Manuco International nv, Picanol nv and other parties to the Integration Protocol qualify or potentially qualify as related parties of the Company within the meaning of the international standards for annual accounts approved pursuant to Regulation (EC) 1606/2002. Consequently, the board of directors of the Company has applied the procedure described in Article 7:97 BCC when deliberating and resolving on the Integration Protocol. The Committee has appointed Mr. Nico Goossens (Argo Law) as independent expert within the meaning of Article 7:97 BCC to assist with the legal assessment of the transaction and the redaction of the advice.

When issuing its advice, the Committee has based itself, among others, on the draft special contribution report of the board of directors of the Company (in accordance with article 7:179, §1, section 1, and article 7:197, §1, section 1 BCC), the draft audit report of the Company auditor (KPMG Bedrijfsrevisoren bv) regarding the contribution in kind, the draft prospectus, the updated valuation report of KBC Securities nv, together with the advice of KBC Securities nv on the exchange ratio as offered by the Company, the draft Addendum, and the (draft) due diligence reports on the Company and on Picanol Group.

The Committee reviewed the Resolutions and advised the Company's Board of Directors on this matter on 6 September 2022 in accordance with Article 7:97 of the WvV.

In its assessment of the advantages and disadvantages of the Resolutions, the Committee has considered, inter alia, the following:

- The acquisition of Picanol Group by the Company will result in a single industrial group. The combined group will have a greater market power. The increase of the Company's equity and the increased transparency would enable the Company to obtain financing on even more favorable terms, and should lead to an increased attractiveness of the Company on capital markets
- As from the inclusion of Picanol Group as a business unit in the Machines & Technologies segment, the Company will consist of five business segments. This thorough diversification should lead to more stable cash flows, in a group where the various business units are subject to different economic cycles. The further diversification of the Company should therefore lead to more stable, combined cash flows, making it easier across different economic cycles to realize acquisitions and investments, but also to maintain a stable dividend policy.
- The Committee understands that the Exchange Offer will have no impact on the Company's current employment.
- The issuance of new shares by the Company will lead to dilution for the existing shareholders of the Company. The degree of dilution will be determined by (i) the exchange ratio, and (ii) the number of Picanol Group shares tendered in the Takeover Bid. The exchange ratio was determined during negotiations between the parties, who were assisted by several financial advisors. In addition, KBC Securities nv has performed an independent valuation exercise of both the Company and Picanol Group, taking into account the most recent half-yearly results. The Committee observes that the proposed exchange ratio for the Exchange Offer is within the range proposed by KBC Securities nv.

- Following the completion of the Exchange Offer, the value of the asset in which the shareholders of the Company hold a participating interest will increase. The dilution which will result from the issuance of new shares, will be proportionate to, and offset by, the acquisition of the stake in Picanol Group and the resulting benefits.
- Based on the advice of its independent expert Argo Law represented by Nico Goossens, the Committee considers that the provisions of the draft prospectus and the Addendum are in line with market practice, and do not contain any exceptionally onerous provisions for the Company. The draft prospectus and the Addendum to the Integration Protocol also include sufficient conditions precedent, in order to protect the Company against, inter alia, significantly altered market conditions.

The decision of the Committee, in application of article 7:97 BCC, is included below:

*“On the basis of the considerations set out above, after the assessment of the advantages and disadvantage of the Decision to the Company and its shareholders, and the assessment of the financial consequences thereof, the Committee concludes that the approval of the Resolution is not to cause any prejudice to the Company that would be manifestly unlawful in view of the Company's policy. Consequently, the Committee unanimously gives a positive advice to the board of directors of the Company to approve the Resolution.”*

The decision of the report of the auditor is included below:

*“Based on our review, nothing has come to our attention that causes us to believe that the financial and accounting information mentioned in the advice of the committee of independent directors of the Company dd. September 6, 2022 and in the minutes of the board of directors of the Company dd. September 6, 2022, which provides a motivation for the transaction, is not in all material respects, true and consistent compared to information we have at our disposal within the framework of our engagement.”*

After deliberating on the items on the agenda and taking note of the opinion of the Committee, the board of directors of the Company decided on 6 September 2022 to approve the Resolutions (in particular: the draft prospectus, the Addendum, the adjusted exchange ratio of the Exchange Offer and the convening of an extraordinary general meeting (for the contribution in kind of Picanol Group shares).

**About Tessenderlo Group**

*Tessenderlo Group is a diversified industrial group that focuses on agriculture, valorizing bio-residuals, energy, and providing industrial solutions with a focus on water. The group employs more than 4,800 people, is a leader in most of its markets and recorded a consolidated revenue of 2.1 billion EUR in 2021. Tessenderlo Group is listed on Euronext Brussels and is part of Next 150 and BEL Mid indices. Financial News wires: Bloomberg: TESB BB – Reuters: TESB.BR – Datastream: B:Tes.*

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